

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4517-01
Bill No.: HB 1798
Subject: Elderly, State Tax Commission, Taxation and Revenue - General, Taxation and Revenue - Property
Type: Original
Date: February 15, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue *	\$0	(Unknown)	(Unknown)
Senior Property Tax Deferral Revolving *	\$0	Unknown	Unknown
Total Estimated Net Effect on <u>All</u> State Funds *	\$0	(Unknown)	(Unknown)

* Expected to exceed \$100,000 per year.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Counties *	\$0	(Unknown)	(Unknown)
Local Government *	\$0	(Unknown)	(Unknown)

* Expected to exceed \$100,000 per year.

Numbers within parentheses: () indicate costs or losses.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office, Office of Administration, Division of Budget and Planning, State Tax Commission, and Department of Revenue** did not respond to this proposal.

In response to a similar proposal, officials from the **State Treasurer's Office** assume this proposal would have no impact on their organization.

In response to a similar proposal, officials from the **Office of Administration, Division of Budget and Planning** defer to the State Tax Commission's estimate of the impact of this proposal.

In response to a similar proposal, officials from the **State Tax Commission** assume no fiscal impact to their agency from this proposal. The State Tax Commission assumes there will be a definite but unknown fiscal impact to local governments from this proposal.

Oversight assumes that approximately 24.4 percent of owner-occupied residences are owned by persons over 61 years of age, and that 38.1 percent would have household income less than the upper limit of \$32,000 per year. However, Oversight assumes it is not possible to estimate the number of persons who would actually apply for this tax deferral. Oversight also assumes the first impact of this proposal would be 2003 taxes normally collected in FY 2004.

ASSUMPTION (continued)

Oversight assumes the Department of Revenue would have significant unknown costs for the administration of this proposal due to the requirement for that department to process payments to the counties for deferrals, and to maintain an individual account for each deferral. Oversight assumes the expected payments from the revolving account to county collectors beginning in FY 2004 would require transfers from the General Revenue fund for several years, the first reimbursement could be received in FY 2005, but that the eventual repayment of those advances would require several additional years. Oversight assumes the transfers from the General Revenue Fund to the revolving account would exceed reimbursements from the revolving account to provide for administrative costs, and to establish a reserve for administrative costs as authorized in the proposal. Oversight also assumes that county assessors, clerks, collectors, and recorders would have significant but unknown additional costs as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE			
<u>Transfer</u> - from revolving account	\$0	\$0	Unknown
<u>Transfer</u> - to revolving account *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET EFFECT ON GENERAL REVENUE FUND *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* expected to exceed \$100,000 per year.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**SENIOR PROPERTY TAX
 DEFERRAL REVOLVING
 ACCOUNT**

<u>Revenues</u> - collections of deferred taxes	\$0	\$0	Unknown
<u>Transfer</u> - from General Revenue Fund *	\$0	Unknown	Unknown
<u>Cost</u> - Department of Revenue			
Personal Service	\$0	(Unknown)	(Unknown)
Fringe Benefits	\$0	(Unknown)	(Unknown)
Expense and Equipment	\$0	(Unknown)	(Unknown)
<u>Reimbursements</u> - to county collectors *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**NET EFFECT ON SENIOR
 PROPERTY TAX DEFERRAL
 REVOLVING ACCOUNT ***

* expected to exceed \$100,000 per year.

<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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POLITICAL SUBDIVISIONS

<u>Cost</u> - County assessors	\$0	(Unknown)	(Unknown)
<u>Cost</u> - County clerks	\$0	(Unknown)	(Unknown)
<u>Cost</u> - County collectors	\$0	(Unknown)	(Unknown)
<u>Cost</u> - County recorders	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**NET EFFECT ON POLITICAL
 SUBDIVISIONS ***

* expected to exceed \$100,000 per year.

<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

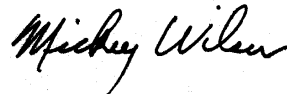
DESCRIPTION

This proposal would create a senior citizen's property tax deferral. Homeowners sixty-two and over with family income under a maximum limit of \$32,000 per year may claim a deferral of property taxes provided there is an equity interest in the principal residence. The Director of Revenue would reimburse the deferred taxes to the county collector. The Director of Revenue would maintain a separate account for each deferral. The deferred taxes would become a lien on the property and would bear interest at six percent per annum. The lien could be foreclosed by the Director, and the deferred taxes would become due and payable on the death of the owner. A "Senior Property Tax Deferral Account" would be created in the state treasury.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

NOT RESPONDING

Department of Revenue
Office of Administration
 Division of Budget and Planning
State Tax Commission
Cole County
Boone County
St. Louis County
City of St. Louis
Green County



Mickey Wilson, CPA
Acting Director
February 15, 2002